

Angelika Rettberg

Is Peace your Business? The Private Sector and Peace Talks in Colombia

Introduction

The escalation of the Colombian conflict over the past few years has placed a considerable burden on the Colombian private sector. This is revealed by climbing rates of capital flight, the destruction of infrastructure such as energy and communication towers and roads, the kidnappings and extortion of business executives, and the growing tax burden to support the war effort. As a result, more business members today realize that the Colombian conflict scares away foreign investors and prevents domestic capital from being used productively. While Colombia has been able to maintain levels of economic growth similar or higher than the Latin American average despite its internal troubles, for many business people the long standing Colombian conflict affects their financial results and shapes their calculations and strategies. For business, conflict has turned into a liability affecting the country's competitiveness in the region and worldwide. In fact, public order (or better, the lack thereof) consistently ranks among the most important problems according to business surveys, as does the widespread perception that only a better security climate will bring improved conditions for investment. This becomes especially compelling in light of academic and government estimations that—in the absence of conflict—the Colombian GDP would grow at an additional 2 percent a year.

Colombian business' concern with questions related to its economic viability

and stability in a violent context are providing an important stimulus to growing business participation in seeking a peaceful solution to the Colombian conflict. The rationale underlying recent business peacebuilding activity is simple, as stated by one Colombian executive: "Peace is better business". The assertion seems justified. Due to the general climate of insecurity companies are spending between 4 and 6 percent of their budgets on protection of their staff, equipment, and operations. In addition, Colombia has the highest kidnapping rate in the world. Business people are preferred targets: According to the NGO *País Libre*, of the more than 3,000 people kidnapped each year since 1998, 15 percent are linked to the business community. In addition, the private sector faces other types of extortion. Especially in rural areas, the guerrilla's and paramilitaries' practice of charging regular fees to landowners is a common phenomenon.

Business has also been pressed hard for resources from government. Since the mid 1990s, it has paid more than USD 900 million in different forms of security taxes and bonds. Most recently, upon entering office, president Álvaro Uribe increased the tax burden to support the war effort (or provide "democratic security", as designated in the budget) against the Colombian insurgency by implementing a tax of 1.2 percent on liquid net assets in the case of working capitals of USD 60,000 or higher. The category fits only 400,000 tax payers but the perspective of having to reach deep into their pockets in order to contribute to the re-establishment of order and security matters to business overall.

As costs associated with conflict are exceeding business' willingness to pay, business has begun to consider the convenience of investing in peace or supporting a negotiated solution to conflict. On the one hand, different business-led peace ini-

tiatives at the regional and local levels have launched projects aimed at altering local production of goods motivated by the belief that the development of conflict-ridden areas will generate the conditions for durable peace. On the other hand, business involvement in peace negotiations has also been on the rise. Although formal talks between the government and the *Fuerzas Armadas Revolucionarias* (FARC) broke down in February 2002 and contacts between the government and the *Ejército de Liberación Nacional* (ELN) are stagnating, both processes witnessed an unprecedented interest and participation by business executives and association leaders alike.

This document will highlight some of the characteristics of business participation in the Colombian peace talks. As will be shown, “business” is too diffuse a category to grasp the divisions and currents within the Colombian private sector faced with peace negotiations. Organizational differences in political preferences and capacity to influence affect business’ impact on efforts to build peace. In addition, some business participation has occurred in the context of civil society activity, where business associations have come to play leading roles. Other business activity relevant to the likelihood of a negotiated end to conflict in Colombia sets it distinctly apart from this category.

Business and peace talks in Colombia

Business is not a newcomer to the turbulent history of Colombian peace negotiations. Ever since the mid 1980s, when president Belisario Betancur launched the first serious round of talks with the Colombian rebel movements, business associations have influenced peace strategy and have occupied important positions in the govern-

ment negotiating team. However, this participation did not yet reflect a widespread concern with conflict or peace on behalf of the whole Colombian private sector. At the time, conflict levels were still low compared to current standards and Colombian society’s attention was more concerned with the growing drug trade and its impact on domestic criminality. As recalled by a former association president, “the private sector in the 1980s was either skeptical or clearly opposed to peace negotiations”.

A surge in conflict intensity beginning in the mid 1990s brought a qualitative change in business preoccupation with questions of peace. Better remembered by the corruption and drug scandal that clouded his administration, the government of Ernesto Samper (1994-1998) confronted extensive civil society opposition, in which business associations took on a leading role. Despite widespread resistance, Samper was able to finish his constitutional mandate, but the momentum gained by civil society organizations served to nurture the transformation of political opposition into massive mobilization to seek a negotiated end to the Colombian conflict. In this sense, while the government itself was too busy fending off opposition to pursue any meaningful peace strategy, civil society organizations—primarily business—took on a leading role.

An important result of this fervor was the movement surrounding the Citizen Mandate for Peace, Life, and Freedom, a civil society initiative against conflict, which, in a nationwide poll on 26 October, 1997, collected 10 million votes in an informal voting process. Although of no more than symbolic value, the poll signaled an increasing determination on behalf of civil society organizations to confront armed actors of all ideological directions with a decisive “no more”.

Participation in the Citizen Mandate movement became the seed of business participation in the peace processes of the following years. Encouraged by the success of the Citizen Mandate movement, business associations led efforts to resume contacts with guerrilla groups in search of a negotiated solution to the Colombian conflict. Beginning in 1998, associations established contacts with imprisoned leaders of the National Liberation Army (ELN for its Spanish abbreviation), the second largest leftist rebel group in Colombia. Several preparatory meetings in Germany led to a first large congregation of Colombian civil society and ELN representatives in Mainz, in June 1998. Results of the meeting were summarized a month later in the Accord of Heaven's Gate (in reference to the monastery which hosted the meeting), basically the commitment to seek a solution to the Colombian crisis. The accord, which catalyzed the beginning of a formal peace process with the ELN, was signed by representatives of a wide range of business associations, including small- and medium-sized companies, retailers, chambers of commerce, industry, and cattle ranchers.

While the peace process with the ELN was characterized by the dominant role—as players and facilitators—of business associations within the larger context of civil society, the arrival of Andrés Pastrana in the presidential palace in August 1998 marked a turn in the presence of business in peace negotiations. Pastrana's high impact peace publicity and his boldness in approaching FARC leaders spread optimism among the general public and earned him the Presidency. In particular, he enjoyed full support among the private sector, which held high expectations as to his ability of reaching a negotiated solution. In fact, his electoral victory caused a surge in favorable perceptions regarding

sociopolitical conditions for investment, as measured by a tri-monthly business survey.

These high expectations explain some of the manifestations of business enthusiasm in the months preceding and following Pastrana's victory. For example, the cattle ranchers' association—representing one of the hardest hit sectors of the economy—proposed to donate land as a contribution to abating conflict among owners and peasants on the countryside. More specific was business' commitment to support “peace bonds”, a forced investment to collect revenues for social investment as part of the private sector's contribution to Plan Colombia, the largely U.S.-financed program to eradicate drugs and associated criminality in Colombia. In addition, numerous workshops, and other public events saw business people refer to the importance of a peaceful solution to conflict and to the private sector's responsibility in peacebuilding.

In terms of actual participation in talks, however, Pastrana privileged the active but low-profile involvement of prominent business executives—instead of business association leaders—in his negotiation team. In addition, he was more akin to bringing an end to the confrontation with the larger and militarily stronger FARC, putting the process with the ELN on the backburner. Both circumstances contributed to relegating civil society—as well as business associations—to a secondary role.

As a result, representatives of “real” business—or representatives of the largest companies and conglomerates who are actually involved in investment decisions—became particularly active during the Pastrana-led negotiations. This illustrates an important split within the Colombian business community's position faced with negotiations. Whereas business asso-

ciation leaders represent sectoral interests in the political process, Pastrana preferred to include genuine capitalists, especially the owners of some of the largest companies, in the discussion of his peace strategy. For many, this was the right way to include business in peace talks, because the sustainability of an eventual peace accord will more crucially depend on actual owners' willingness to pay some of the burdens of peace than on the negotiating capacity and political visibility of association leaders, who lack economic decision-making power. However, Pastrana's decision also undermined associations, which are less influential in terms of shaping and signalling the private sector's actual readiness to commit to peace but perhaps more legitimate as members of the larger civil society network.

Beginning in April 2000 business enthusiasm and hope for a peaceful solution to the Colombian conflict began to fade. That month, FARC launched "Law 002", which charged asset holders of more than USD 1 million up to 10 percent of their assets, in exchange for exemption from attacks. Resistance to pay effectively prevented distribution of goods of Colombian companies in 100 municipalities nation-wide, illustrating FARC was serious about its revenue-collecting tool. More importantly, Law 002 showed that peace talks with FARC would not be an easy bargain. In addition, it confronted business, especially in rural areas, with the prospect of a deterioration of the conflict, hinting at the likelihood of increased costs of production and distribution.

Fears were confirmed by events throughout that year. In early 2000, ELN kidnapped over one hundred parishioners at a religious service and over fifty guests at an upscale restaurant in the city of Cali, effectively breaking their promise to spare civilians from attacks. Later, ELN abduct-

ed an airplane with all its occupants. FARC put business patience to the test when it kidnapped the industry association's president's daughter. In addition, accusations that FARC was using a demilitarized zone—designated specifically for conducting peace talks—to hide captives and to grow coca plants made it difficult for the government to defend ongoing talks.

By the end of 2000 a turning point had been reached in business disposition towards negotiations. While a Gallup poll of 500 executives in March 2000 showed 70 percent to be in favor of negotiations with the guerrilla, the percentage had dropped to 11 percent by the end of the year. Following widespread business enthusiasm, results of these surveys illustrate a return by business to skepticism regarding the possibility of reaching a negotiated end to conflict.

An important factor influencing this transformation from hope to disenchantment was frustration over the fact that participation of business executives in the negotiating team was no guarantee for the consideration of private sector interests nor for the application of private sector principles of strategic planning to the design of the peace process. On the contrary, peace policy-making by the Pastrana government came under intense criticism by business for its isolation from the advisory team and widespread improvisation.

In February 2002, FARC kidnapped an airplane and its occupants. This perceived act of provocation provided the government with the final justification to end peace talks with this group. As at the beginning of his government, when peace talks stood at the top of the agenda, Pastrana enjoyed full business support when he decided to cancel them. Four years of an increasing material and human cost had taken their toll on business enthu-

siasm for a negotiated solution, and, most importantly, on expectations that such a solution would arrive promptly.

Against this background, Álvaro Uribe, who promised the reestablishment of authority and an emphasis on security, enjoyed widespread support of the Colombian business community in the presidential elections of August 2002. Elected with a wide margin over his rival, Uribe embodied the promise that a strong hand approach to conflict would bring more tangible results than the four preceding years of lingering talks. Desperation with the costs of conflict and the failure of Pastrana's efforts explain why Uribe was able to gain business support for a harsh fiscal reform, requiring the private sector to take on a significant part of the financial burden in the ongoing offensive against the guerrillas. In fact, to promote "democratic security" against the Colombian insurgency, Uribe implemented a tax of 1.2 percent on liquid net assets.

Almost a year after Uribe's coming to power, the business-government honeymoon is not over but a more sober mood has set in. Already there are signs that President Uribe's security strategy may face more obstacles than initially anticipated: Kidnappings are diminishing only slowly while conflict rages on in rural areas and has expanded into the cities, as witnessed in February with the bombing of Club El Nogal, an elite sports and entertainment club.

Perhaps as a consequence of lagging results, hints that the government might transform the exceptional "war bonds" into permanent taxes have met business criticism. The spectre of this possibility has moderated business expectations as to the real capabilities of the Uribe government to emerge victoriously from the war effort. As when business was first enchanted and then disillusioned by

Pastrana's promise of a prompt negotiated solution, business now appears to have moved from enchantment to a more cautious position, as it becomes clear that conflict will last and that its cost will keep burdening business.

Conclusions

This article has provided a cursory overview of the Colombian business community's evolution faced with the possibility of reaching an end to the Colombian conflict. It has shown that through the Pastrana and Uribe administrations the cost imposed to business by conflict has increased. As a result, business has undergone two opposite processes: enchantment with a negotiated solution to conflict under Pastrana and, given frustration over Pastrana's strategy, enchantment with a strong-hand approach promised by the Uribe administration. As neither of these approaches is likely to produce an end to conflict in the near future, the business community appears to have shifted away from both simplistic expectations and towards a more realistic understanding of the conflict's complexity. At the same time, the growing costs it faces are consolidating the perception that its livelihood and future chances of economic success are vitally linked to ending conflict.

While illustrating general patterns of the business-peace relationship in Colombia, the article has also underscored some important distinctions within the business community. Most importantly, it has pointed at organizational differences in terms of political preferences and capacities between business associations and large capital owners. This distinction is important when considering business' affiliation with civil society: while associ-

ations may rightfully claim civil society status, actual business people, who have also been active on the peace front and whose decisions may weigh more heavily on the chances of sustaining peace in Colombia, may not. These distinctions contribute to unpacking the somewhat diffuse category often referred to as private sector. In drawing these distinctions, the article hopes to show that the business-peace relationship is much more complicated than often recognized.

Angelika Rettberg is an assistant professor at the Political Science Department at Universidad de los Andes (Bogotá, Colombia). Research for this article was made possible by grants from the Instituto Colombiano de Ciencia y Tecnología (Colciencias) and from the London School of Economics. This document is partially based on the paper "The Business of Peace in Colombia: Assessing the Role of the Business Community in the Colombian Peace Process", prepared for delivery at the 2003 meeting of the Latin American Studies Association, Dallas, Texas, USA, March 27 – 29, 2003. Contact address: rettberg@uniandes.edu.co.